

(d) You agree to deliver hogs under this Agreement by:

(1) Arranging transportation and incurring freight costs to deliver the hogs to our nearest slaughter plant;

(2) Delivering the hogs to any other slaughter plant designated by us, in which case we will pay you for additional freight costs incurred by such delivery pursuant to our then current standard livestock freight schedule; and

(3) Arranging delivery with our Hog Procurement personnel by Thursday of the week prior to delivery, with specific delivery days and times to be determined by us (early, late, Sunday and holiday deliveries may be required). Time is of the essence in the delivery of hogs under this Agreement.

(e) You agree to the following:

(1) To maintain certification at Level III of the Pork Quality Assurance Program, a HACCP program of America's Pork Producers, or the highest Level of such PQA Program established in the future within six months of the Program change establishing such Level;

(2) To comply with any HACCP program established by us, and any change in such a program, within six months of the establishment of the program or the change;

(3) To allow us to inspect your hogs and facilities during normal business hours on reasonable notice to you;

(4) To demonstrate to us at all times the ability to produce hogs in the quantity and of the quality required during the term of this Agreement;

(5) To demonstrate your financial soundness to us at all times and provide us evidence thereof upon our request;

(6) To allow us to inspect all of your cost and financial records relating to this Agreement during normal business hours on reasonable notice to you; and

(7) To provide us a complete set of your financial statements and production information on an annual basis and at any time upon our demand.

5. **DEFAULT; TERMINATION.**

(a) For purposes of this Agreement, a party is in default if such party:

(1) Breaches this Agreement and such breach remains uncured twenty (20) days after receipt from the non-defaulting party of a written notice specifying the alleged breach;

(2) Manifests an intention not to perform any material obligation under this Agreement (for example, delivering hogs or accepting hogs) or manifests an intention not to cure a material breach of this Agreement;